

SUBCOMMITTEE NO. 3

Agenda

Chair, Senator Denise Moreno Ducheny
Senator George C. Runner
Senator Tom Torlakson



Thursday, May 5, 2005
(Upon Adjournment)
John L. Burton Hearing Room (4203)
Consultant, Anastasia Dodson

Vote Only Agenda

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Due to the volume of issues testimony will be limited. Please be direct and brief in your comments so that others may have the opportunity to testify. Written testimony is also welcome and appreciated. Thank you for your consideration.

Please Note: Only those items and issues contained in this agenda will be discussed at this hearing. Issues pertaining to these items may be reviewed again. Please see the Senate File for dates and times of subsequent hearings.

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Vote Only Agenda

5180 Department of Social Services (DSS)

Vote-Only Issue 1: State Participation In-Home Supportive Services (IHSS)

Description: The Governor's Budget proposes to reduce the level of state participation in IHSS provider wages and benefits from \$10.10 per hour to the state minimum wage (\$6.75), to achieve General Fund savings of \$195 million in 2005-06, and \$260 million annually. Although the extent to which counties would reduce wages is unknown, a reduction in wages could potentially result in additional General Fund costs for the Medi-Cal, Healthy Families, and CalWORKS programs. Reduced wages would also likely result in increased provider turnover, which may reduce the quality of care for IHSS consumers and lead to increased institutionalization. Further, to the extent that wages are reduced and fewer IHSS providers are available, this proposal may result in legal action against the state under federal Medicaid statute that requires sufficient provider access.

Background:

- **IHSS Program Description:** The IHSS program funds personal care services for low-income aged, blind or disabled individuals that are at risk for institutionalization. IHSS services include domestic services (such as meal preparation and laundry), nonmedical personal care services, paramedical services, assistance while traveling to medical appointments, teaching and demonstration directed at reducing the need for support, and other assistance. Services are provided through individual providers hired by the consumer, county contracts with service providers, or through welfare staff. County welfare department staff visit consumers in their homes to determine the number of authorized hours of service per day.
- **Enrollment Summary:** The budget estimates that IHSS enrollment will increase to 382,000 in 2005-06, an increase of 7.7 percent over 2004-05 caseload. Approximately half of IHSS consumers are age 65 and older. Persons with developmental disabilities constitute more than 12 percent of the IHSS caseload.
- **Funding Summary:** IHSS program costs are currently shared as follows: 50 percent federal funds, 32.5 percent state General Fund, and 17.5 percent county funds. The budget proposes \$3.2 billion (\$1.02 billion General Fund) for the IHSS program in 2005-06. This represents a decline of \$513 million (\$160 General Fund) below the current year funding level. The decline is due to proposed provider wage participation reductions of \$195 million General Fund, offset by an increase in funding to reflect caseload growth.

Recommendation: Reject the Governor's proposal to reduce state participation in IHSS provider wages and benefits to the state minimum wage: reject proposed trailer bill language and restore \$195 million General Fund and \$300 million federal funds.

Vote-Only Issue 2: Disability Evaluation Positions

Description: A spring finance letter requests \$3.4 million (\$1.7 million General Fund) to establish 20.0 new positions and provide additional medical consultation costs to process increased workload of Medi-Cal disability applications. Ongoing costs would be \$2.1 million, and one-time costs would be \$1.3 million. The department currently has 152.5 positions for the State Disability Evaluation program, which reflects a reduction of 24 positions due to position reduction actions in recent years.

Background:

The Department of Social Services (DSS) Disability and Adult Programs Division (DAPD) is responsible for determining medical eligibility for applicants for Medi-Cal programs that serve persons with disabilities, including the Aged, Blind and Disabled program and the 250 percent of the federal poverty level Working Disabled program. DSS considers medical and vocational evidence to make a determination about a person's disability status according to guidelines developed by the Social Security Administration.

Applications for Medi-Cal disability are taken in the county welfare offices, and then forwarded to the DSS Disability Evaluation Program Division for development of medical and vocational evidence and a determination of medical eligibility based on this evidence.

Increases in the number of low-income working persons with disabilities who apply for the Medi-Cal program has increased the department's workload. DSS estimates a current backlog of 15,000 cases.

Year	Number of Cases
2000-01	44,456
2001-02	52,397
2002-03	58,142
2003-04	58,877
2004-05	59,076
2005-06	61,775

Federal law requires states to complete eligibility determinations for persons alleging disability as a basis for Medi-Cal eligibility within 90 days. DSS reports that Medi-Cal applications generally are 310 days old before the department processes the application, clearly exceeding the federally required timelines.

Recommendation: Approve the spring finance letter for \$3.4 million (\$1.7 million General Fund) to establish 20.0 new positions and provide additional medical consultation costs to process increased workload of Medi-Cal disability applications.

Vote-Only Issue 3: Community Care Licensing – Spring Finance Letter for Caseload Increase

Description: The department requests \$1,140,000 General Fund for 14.5 positions to reflect caseload growth in the number of facilities licensed by DSS Community Care Licensing (CCL). CCL currently has 1,015 positions.

Background:

The Department of Social Services Community Care Licensing (CCL) establishes standards for and oversees eighteen types of community facilities that provide care and supervision to 1.4 million Californians. These facilities include adoption agencies, foster care homes and agencies, childcare homes and centers, and residential care facilities for disabled and elderly adults. In addition, 42 counties license foster homes under contract with the Department of Social Services and 7 counties license family child care homes under similar contracts. The state monitors approximately 85,000 homes and facilities.

CCL activities include provider orientations; applicant screenings; health and safety, staffing and financial regulations; and pre-licensing facility visits to applicants and potential applicants for community care licenses. CCL visits licensed facilities regularly, responds to complaints, and exercises a variety of enforcement actions, including consultation, fines and penalties. As a last resort, CCL pursues license suspension or revocation.

Facility Type	2002-03	2003-04	2004-05	2005-06
Family Child Care Homes	42,949	44,418	44,802	45,833
Child Care Centers	14,547	14,690	14,810	14,938
Child and Adult Residential	18,322	18,827	19,379	19,881
Certified Family Homes*	13,952	14,525	14,230	14,049
Total	89,770	92,460	93,221	94,701

*Note that Certified Family Homes are licensed by Foster Family Agencies, but complaints are investigated by CCL.

Recommendation: Approve the spring finance letter for 14.5 positions to address an increase in the number of facilities licensed by DSS.

Vote-Only Issue 4: Food Stamp Program Waiver for Able Bodied Adults Without Dependents (ABAWD)

Description: The Food Stamp Program provides benefits to low-income families and single adults. Benefits are funded entirely by federal funds. Adults without children are known in this program as Able-Bodied Adults Without Dependents (ABAWDs). Although ABAWDs are

generally only eligible for Food Stamps for three months in a three-year period, federal law permits waivers that allow ABAWDs living in areas of high unemployment to receive Food Stamps beyond the three-month limit. California Food Policy Advocates requests that DSS seek an ABAWD waiver for the entire state. The County Welfare Directors Association asks that counties be given the choice to opt-out of the waiver.

Background: As a result of 1996 federal welfare reform, ABAWDs are subject to strict time limits on their Food Stamp benefits. Unless an ABAWD recipient is working 20 hours a week or participating in workfare, they are only eligible for Food Stamps for 3 months out of a 3-year period. California Food Policy Advocates indicates that Food Stamp participation among ABAWDs has plummeted by almost 70 percent since 1996. According to the Urban Institute, low-income adults without children are at serious risk of going hungry, which diminishes their chances of success in the workplace. Almost 40 percent of ABAWDs worry about or have problems affording food.

Federal law includes protections in place to allow ABAWDs living in areas of high unemployment to receive food stamps beyond the 3-month time limit. These areas are ones that have an unemployment rate which exceeds 10 percent or do not have a sufficient number of jobs to provide employment for the individuals.

A list of areas eligible for waivers is generated each year. States that provide extended unemployment benefits in the past year are eligible for a waiver for the entire state in the following year. In 2004, the entire state of California was eligible for a waiver because the state was eligible for extended unemployment benefits in 2003. In addition, over 35 counties were eligible for full or partial waivers. In 2005, 25 full counties and many large cities are eligible for waivers. USDA approved waivers in 45 states in 2004. Many of these waivers covered entire states (e.g. Alaska, D.C., Louisiana, Michigan, New Mexico, North Carolina, Oregon, South Carolina, Washington) while others were obtained for all eligible sub-areas (such as specific counties and zip codes). Twenty-three states have comprehensive ABWAD waiver policies.

California Food Policy Advocates indicates that DSS currently requires that each county Boards of Supervisors take action before an ABAWD waiver request is made. As the waivers are in effect for just one year, the process of waiting for action from Boards of Supervisors meant that ABAWDs have missed out on Food Stamp benefits for a period of time. The Food Policy Advocates also indicate that in 2004, DSS did not request a statewide waiver, even though California was eligible. And although more than 35 counties were eligible for full or partial waivers, only 18 counties received a waiver.

Recommendation: Adopt placeholder trailer bill language to require the state to seek all possible ABAWD waivers, with an option for any county to opt out of the waiver upon a vote of their Board of Supervisors.

5160 Department of Rehabilitation (DOR)**5180 Department of Social Services (DSS)****Vote-Only Issue 5: Proposition 63 Positions**

Description: To reflect the activities required by Proposition 63, the Mental Health Services Act, which became effective January 1, 2005, the Administration requests spring finance letters to establish 2.0 two-year limited term positions for the Department of Rehabilitation (DOR) and 4.0 two-year limited-term positions for the Department of Social Services (DSS). These positions would be funded by the new state Mental Health Services Fund established by Proposition 63.

Background:

Proposition 63, the Mental Health Services Act (Act), which became effective January 1, 2005, established a state personal income tax surcharge of one percent on taxpayers with an annual taxable income of more than \$1.0 million. The funds from this surcharge are deposited into the new state Mental Health Services Fund, and will be used for state and county planning and implementation consistent with the Act's provisions. The Act provides for the expansion of mental health services and incomes specific provisions related to education and training of the mental health workforce, development of innovative program and integrated plans for prevention, intervention and system of care services, investment in capital facilities and technology needs, and enhanced oversight and accountability.

The estimated revenues in the Fund total \$254 million in 2004-05 and \$683 million 2005-06. While most of the revenue will be available to county mental health programs, the Act authorizes up to 5 percent of the revenue in the Fund annually for state administration. Funding for state administration is projected to be \$12.7 million in 2004-05 and \$34.2 million 2005-06.

The Administration has requested a total of 121 positions to implement the Act, including 109 positions in the Department of Mental Health (heard in Budget Subcommittee No. 3 on May 2nd), 1 position in the Department of Health Services (also heard on May 2nd), 3 positions in the Department of Education (heard in Subcommittee No. 1), 2 positions in the Department of Alcohol and Drug Programs (heard in Subcommittee No. 3 on May 9th), and the remaining positions outlined below.

Department	Mental Health Services Fund	Federal Fund	Requested Positions
Department of Rehabilitation	\$195,000	0	2.0
Department of Social Services	\$515,000	\$150,000	4.0
Total	\$710,000	\$150,000	6.0

The DOR positions would expand mental health cooperative programs, which are contractual relationships between DOR and county mental health agencies intended to provide necessary services to stabilize and prepare individuals with severe mental illnesses for employment. These

programs currently exist in 25 California counties, and the requested positions would work toward expanding these programs to the rest of the state.

The DSS positions would work with other state and county agencies to coordinate and track the effects of enhanced mental health services, particularly in child welfare and foster care programs. Specific activities include:

- Provide ongoing technical assistance to county welfare departments and key community based organizations to support their active participation in local planning efforts.
- Conduct county site visits during the program planning and implementation process.
- Identify opportunities to leverage the Mental Health Services Fund to draw down matching federal funds.
- Remove regulatory barriers; resolve conflicts related to regulatory requirements and program implementation.

Recommendation: Approve the Proposition 63 spring finance letters for DSS and DOR.

4140 Office of Statewide Health Planning and Development (OSHPD)

Vote-Only Issue 6: Logbook Redesign Project

Description: The department requests a spring finance letter for \$223,000 from the Hospital Building Fund for planning and procurement activities related to the Logbook Redesign Project. Total project costs are estimated to be \$11.2 million, including \$7.6 million in one-time development costs, and \$3.5 million in ongoing costs over the five-year project period. Project funding in future years is subject to Legislative appropriation.

Background:

- **Current System:** The Logbook Database System is currently used by the OSHPD Facilities Development Division to track hospital and skilled nursing facility construction projects through the plan review and construction phases. This database also supports the tracking of facility compliance with seismic retrofit projects and facilitates emergency operations in the event of a natural disaster.

The department indicates that the current Logbook is unstable and more prone to errors, especially when software (including operating system) on user PCs is upgraded to a newer version. Existing system maintenance and enhancements are extremely difficult. Without a redesigned Logbook, the department indicates it will risk losing or corrupting valuable historical data as well as more recent information.

- **Redesign Funding:** Costs to redesign the Logbook System would be financed from the Hospital Building Fund (HBF), a special revenue fund. Fees charged to health facilities for plan review and construction observation support the Hospital Building Fund.

Currently the rate for skilled nursing facilities is 1.5 percent of estimated construction costs and hospitals currently are charged a rate of 1.64 percent of estimated construction costs. The department indicates that the proposed new system would not result in a fee increase to the Hospital Building Fund.

Although an approved Feasibility Study Report (FSR) for this project has not yet been submitted to the Legislature, the Department of Finance (Finance) indicates that funding for procurement activities shall not be expended until Finance approves an FSR for this project.

Recommendation: Approve the spring finance letter for \$223,000 from the Hospital Building Fund in 2005-06 for planning and procurement activities related to the Logbook Redesign Project, including Budget Bill Language to prevent expenditure of these funds until an FSR is approved by Finance.

4170 California Department of Aging (CDA)

Vote-Only Issue 7: Older Americans Act Funding

Description: The department requests a spring finance letter for \$1,942,000 federal funds to reflect additional Older Americans Act funding awarded by the federal government. This funding will be allocated to local Area Agencies on Aging, which will use this funding to administer Congregate Nutrition, Home-Delivered Nutrition, Supportive Services and Senior Centers, Disease Prevention and Health Promotion, Family Caregiver Support, Ombudsman programs, and Elder Abuse Prevention.

Recommendation: Approve the spring finance letter.

Vote-Only Issue 8: Adult Day Health Care (ADHC) State Plan Amendment

Description: The department requests a spring finance letter for \$400,000 to establish 3.0 limited-term positions that would transition the current Adult Day Health Care program to the structure required by the federal government to maintain federal Medicaid funding.

Background:

Adult Day Health Care (ADHC) is a licensed, community-based day care program that provides health, therapeutic, and social services to those at risk of being placed in a nursing home. The ADHC is currently a Medi-Cal benefit funded by 50 percent General fund and 50 percent federal funds.

The department indicates that the federal Centers for Medicare and Medicaid Services (CMS) has determined that ADHC does not meet the requirements for a State Plan program under

California's current State Plan. According to the department, CMS has not yet provided a final decision about whether a State Plan Amendment (SPA) or Medicaid waiver will be required to maintain federal funding.

Although it is unknown when CMS will decide what changes are needed to maintain federal funding for the ADHC program, the department indicates that some type of change will be needed which will require additional CDA staff to restructure the ADHC program to ensure compliance with federal requirements. The department also indicates that workload associated with negotiations with CMS is currently being absorbed by existing staff, but that administration and oversight of other CDA programs has been reduced to absorb these activities.

Recommendation: Amend the spring finance letter to establish 1.0 position effective July 1, 2005 to reflect current workload to negotiate with CMS, and adopt Budget Bill language that permits the establishment of the remaining 2.0 positions upon written notification from CMS of the state plan or waiver structure needed to receive federal funding for the ADHC program. The Budget Bill language would read as follows:

Of the amount available for expenditure in this item, \$267,000 for 2.0 positions for the Adult Day Health Care (ADHC) Program shall not be expended until the federal Centers for Medicare and Medicaid Services (CMS) specifies the requirements to maintain federal financial participation for the ADHC as a Medicaid program. These 2.0 positions shall not be established until the Department of Finance has approved the workload necessary to comply with requirements set forth by the CMS.

Discussion Agenda

4700 Department of Community Services and Development (DCSD)

DCSD Issue 1: Naturalization Services Program Elimination

Description: The Governor's Budget proposes to eliminate the Naturalization Services Program (NSP), currently budgeted at \$1.5 million General Fund. This program assists legal permanent residents obtain citizenship. The Urban Institute estimates that approximately 2.7 million Californians are eligible for but have not applied for citizenship.

Background:

NSP Program Information: The NSP assists legal permanent residents obtain citizenship. This program funds local organizations that conduct outreach, intake and assessment, citizenship application assistance, citizenship testing and interview preparation. In 2005 the program is expected to assist an average of 12,000 individuals in the completion of citizenship applications. The program spends an average of \$166 per client. Total funding for the program in 2004-05 was \$1.5 million General Fund. Positive outcomes as a result of NSP and citizenship include improved employment opportunities for citizens, and reduced caseload for state-only programs such as the Cash Assistance Program for Immigrants (CAPI), as citizens may qualify for the federally-funded Supplemental Security Income (SSI) program.

Catholic Charities of California provides this additional information about NSP:

- Since the first \$2 million budget appropriation for NSP in 1996, the State has committed more than \$25 million to the program through the annual budget bill process. Over 90,000 citizenship-eligible residents have been served by the resulting provider network.
- This funding represents “seed money” to the many non-profit community-based organizations throughout the State as they assist citizenship-eligible Californians in the completion of their naturalization applications. These non-profits, in turn, enlist the financial and logistical support and volunteer services of local governments, businesses, community groups, labor unions, and others.
- This funding also complements public and private contributions in support of “one-day one-place” Naturalization Fairs that have assisted more than 100,000 immigrants complete citizenship applications, provide fingerprints, and deliver the completed application with the necessary fees to an on-site INS official. The fairs, conducted throughout the State and supervised by the US Citizenship Action Network brought together county and city governments, community colleges, the private sector, volunteers, and the Immigration and Naturalization Service.
- As a result, the net effect of State funding has been multi-faceted:
 - The cost-per-new citizen was minimized,

- The state “seed money” enabled local agencies and community based organizations to seek and acquire federal and private funds and donations,
- These same organizations established public-private partnerships for a civic good,
- Naturalization assistance programs continued to generate and sustain high levels of volunteerism, and
- Communities experienced social stabilization as individuals, local, State, Federal agencies and community-based organizations worked together to assist citizenship-eligible residents and their extended families in the naturalization process.

Related Programs in Department of Education: The Administration indicates the California Department of Education (CDE) budget includes approximately \$660 million in 2004-05 for Adult Education programs that, among other things, authorize naturalization services. Specifically, the CDE indicates current year funding for English Literacy and Civics (EL Civics) Education (which includes Citizenship Preparation Education (CPE)) is approximately \$18 million, Federal English as a Second Language (ESL) (which includes ESL-Citizenship) is approximately \$42 million, and Adult Secondary Education (of which State ESL-Citizenship is a part) is approximately \$600 million. According to the Administration, at this time data detailing spending specifically attributable to naturalization services, as well as the number of immigrants who have completed citizenship applications as a result of these programs, is unavailable. For example, an ESL class may have ten students, but only three may be in the process of becoming naturalized citizens.

However, according to information on the CDE website, enrollment in Adult Education ESL Citizenship classes was less than 5,200 in 2002-03. In addition, Adult Education funding is used for a wide variety of other programs, including High School/GED, vocational education, programs for older adults or adults with disabilities.

Nonetheless, in addition to traditional classroom activities, the CDE indicates the following activities are authorized under this funding:

- Activities that support outreach and recruitment of legal permanent residents who are eligible for citizenship.
- Preparation and assistance activities necessary to successfully complete the naturalization application and interview process.
- Child care and transportation for participants in CPE activities.

The CDE indicates that in addition to being authorized, these activities are encouraged and are taking place statewide at community colleges, adult education centers, faith and community-based organizations (CBOs), and various non-profit entities.

Advocates indicate that NSP is better aligned with the communities it serves than the CDE-sponsored programs. NSP has deeper roots in the communities and immigrants tend to trust their local CBOs as opposed to an adult education center. NSP also differs from the CDE programs because it allows for more services to be provided than just civics classes. NSP allows outreach, application assistance, referrals to classes and in some cases legal assistance.

Questions:

1. DCSD/DOF, please present the proposal to eliminate the Naturalization Services Program.

Recommendation: Reject proposed elimination of the NSP and restore \$1.5 million General Fund for this program.

5180 Department of Social Services (DSS)**DSS Issue 1: Community Care Licensing – Eliminate Statutory Trigger to Increase Staffing**

Description: The 2003 Budget Act reduced the frequency of Community Care Licensing (CCL) annual visits, but also included a statutory trigger to increase the number of annual visits if the number of annual citations exceed the previous year's total by 10 percent or more. The Governor's Budget proposes to eliminate this trigger, for potential savings of \$2.6 million (\$2.2 million General Fund). Although the total number of citations are estimated to increase by 9.5 percent in the current year (which is less than the 10 percent trigger), the department estimates that it will only complete 84 percent of the annual and random visits required in the current year.

Background:

- **CCL Responsibilities:** CCL is responsible for licensing adoption agencies, foster care agencies and homes, childcare homes and centers and residential care facilities for disabled and elderly adults. As part of its licensing function, CCL conducts pre- and post- licensing site visits, and visits facilities when conducting investigations regarding incident reports and complaints. Historically, CCL was required to make annual visits to licensed foster family agencies, group homes, residential care facilities for persons with disabilities and elderly individuals, foster family homes, and childcare centers, and to visit childcare homes triennially.
- **CCL Budget Reductions:** Budget reductions sustained by CCL during the 1990s significantly reduced the length and thoroughness of the required annual inspections. According to the department, annual inspections had become procedural in nature and focus. The visits were virtually announced as the department solicited information necessary to conduct the visit in the month preceding the inspection.

Upon additional budget reductions, the department established priorities among its statutorily required activities. It prioritized the investigation of serious incident reports within the required 24-hour period. It also prioritized conducting site visits for complaint investigations within the required 10-day period. Annual or triennial visits became a lower priority. A

recent workload analysis of the CCL conducted by an independent entity confirmed that department resources were insufficient to meet statutory requirements.

- **Budget Act of 2003 Changed CCL Requirements:** As a result of the imbalance between available resources and required activities, the department proposed and the Legislature adopted significant changes to the existing licensing methodology. Specifically, the Budget Act of 2003 and its implementing legislation eliminated the required annual or triennial visits and instead required the department to visit annually the following facilities:
 - Facilities owned or operated by a licensee on probation or against whom an accusation is pending;
 - Facilities subject to a plan of compliance requiring an annual inspection;
 - Facilities subject to an order to remove a person from a facility;
 - Facilities that require an annual visit as a condition of federal financial participation such as facilities serving adults with developmental disabilities.

All other facilities are subject to an annual inspection based on a 10 percent random sampling method, with each facility visited at least once every five years. The 2003 Budget Act changes also included an escalator clause to trigger annual visits for an additional 10 percent of facilities if citations increase by 10 percent or more.

- **Recent Data Show Mixed Results:** Although the total number of citations are estimated to increase by 9.5 percent in the current year (which is less than the 10 percent trigger), the department estimates that it will only complete 84 percent of the annual and random visits required in the current year. It is unclear whether these 2,400 additional visits would have resulted in enough additional citations to exceed the 10 percent trigger.

Figure 1: Citations Issued by DSS Community Care Licensing

	2002-03	2003-04	2004-05*	Increase from 2003-04 to 2004-05
Total Type A	28,905	25,524	27,860	9.2%
Total Type B	24,083	16,200	18,088	11.7%
Total All Citations	53,382	42,060	46,036	9.5%

* Estimated

Figure 1 above shows that the total number of citations in 2004-05 is estimated to increase by 9.5 percent above the number of citations in 2003-04. The department is currently in the process of estimating the number of citations by program type (Senior Care, Children's Residential, Child Care, and Adult Care).

The overall number of citations may be affected by a variety of factors, including the overall quality of care provided in the state, the number of CCL visits made, the number of complaints, the number and type of facilities, and the number of residents or clients.

The number of deaths not due to natural causes provides another measure for the quality of care in these facilities, although this measure does not reflect the amount of abuse or neglect

that is not severe enough to result in death. As shown in Figure 2 below, the number of deaths increased in 2003-04, but decreased in 2004-05.

Figure 2: Deaths in Community Care Facilities Not Due to Natural Causes

Facility Type	2002-03	2003-04	2004-05*
Child Care (any)	19	23	22
Residential Care (Suspicious)	111	118	101
Total	130	141	123

* Estimated

The department estimates that it will complete 12,256, or 84 percent, of the 14,633 annual and random visits required by statute in the current year. The department indicates that it has not completed the required visits due to CCL staff vacancies, although when these positions are filled the department indicates it will have the resources necessary to meet the 10 percent requirement.

- **Current Improvement Efforts:** The department indicates there has been substantial improvement in the last few months in meeting mandates for visits. Furthermore, additional aggressive efforts are underway to identify and implement efficiencies and focus existing resources on monitoring and oversight responsibilities. The department indicates that it will complete these activities and then re-evaluate the impact they have on their ability to meet mandates for visits within existing resources.

Examples of activities underway include:

- An aggressive hiring campaign to fill longstanding vacancies as a result of hiring freezes and salary savings.
 - A new entry level licensing program analyst exam slated for May 2005, with a list available from which to hire beginning in August. This exam has not been given in over 15 years and will generate a fresh pool of potential employees.
 - Efficiencies in automation have begun, so that duplicate entry of visit information will no longer be required of field staff, thus freeing up time for more visits.
- **Cost of Funding the Trigger for 10 Percent Increase in Visits:** The department estimates that increasing the random sample to 20 percent of all facilities not otherwise subject to a visit would result in costs of \$2.6 million (\$2.2 million General Fund) and 27.5 positions in 2005-06.

However, this estimate assumes that the increase in the random sample would apply to all facility types and programs. The department indicates that it interprets the current trigger statute to require a 10 percent increase in visits only if the total number of citations across all facility types and programs increases by 10 percent. The department is currently sorting citations by program, and expects to have that information available shortly. Should the number of citations for a particular program, such as Child Care or Senior Care, increase by 10 percent, the Subcommittee may wish to increase the number of random visits for that program.

Questions:

1. DSS, please describe the current efforts underway to improve and fully staff the CCL program.
2. DSS, please present the Governor's Budget proposal to eliminate the statutory trigger to increase staffing if citations increase by 10 percent.
3. DSS, is information available yet on citations for each program (Senior Care, Children's Residential, Child Care, and Adult Care)?

Recommendation: Reject proposed trailer bill language to eliminate the licensing visit increase trigger, and request that the department provide the number of citations by program to determine if additional staffing should be provided for a particular program.

DSS Issue 2: Agency Report on Background Check Efficiency – Information Only

Description: The 2004 Budget Act trailer bill (SB 1104) required the HHS Agency to report to the Legislature this spring on ways to make the criminal background check processes administered by various HHS departments more efficient.

Background:

The Department of Social Services Community Care Licensing Division (CCL) is responsible for licensing adoption agencies, foster care agencies and homes, childcare homes and centers and residential care facilities for disabled and elderly adults. As part of its licensing function, CCL must ensure that persons licensed to operate these facilities, provide care to facility clients, or reside at the facility location, receive a comprehensive criminal background check.

Due to an increase in criminal background check workload, last year the 2004-05 Governor's Budget proposed and the Legislature approved \$4.6 million for 58.2 additional DSS positions (including 18.5 in CCL). The Legislature also approved a spring finance letter for \$334,000 for an interagency agreement with the Department of Justice to support conviction information processing efficiencies.

Although the Legislature approved the additional resources described above, the Legislature also adopted trailer bill language that required the HHS Agency to report to the Legislature during 2005 budget hearings on ways to streamline the criminal background check process.

Several departments within the Health and Human Services Agency are responsible for licensing, including background checks, for individuals and organizations that provide care to children and elderly or disabled adults. The various departments operate according to different statutory requirements, evidentiary standards, and licensing criteria. The state's decentralized licensing system may lead to unnecessary duplication and inconsistency across programs.

California may benefit from examining its licensing system and developing reforms that reduce duplication and increase standardization in licensing functions, including conducting criminal background checks. The issue of duplicate licensing functions was also raised by the Governor's California Performance Review report in August 2004.

The language adopted in the 2004 trailer bill is the following:

SEC. 62. (a) To the extent feasible, the California Health and Human Services Agency shall examine the criminal background check requirements for all programs within its purview and the processes to administer and enforce these requirements, and shall report its findings to the Legislature at budget hearings. The agency's report shall include all of the following:

- (1) The health and human services programs that require the state to conduct criminal background checks.
- (2) The standards, including evidentiary standards, that govern the background checks.
- (3) The major activities necessary to complete investigations.
- (4) The departments or contracting agencies that perform these activities.
- (5) The costs associated with providing criminal background checks.

(b) The agency shall report on strategies to streamline and standardize criminal background check requirements and their processing, to create administrative efficiency. The agency's analysis shall include a review of programmatic and safety issues associated with streamlining the background check process.

Questions:

1. HHS Agency, please present the requested report.

DSS Issue 3: Community Care Licensing – Fee-Exempt LiveScan – Information Only

Description: Current statute would exempt certain small child care home providers and foster family homes from paying a \$40 fee for their fingerprinting and criminal record checks, effective July 1, 2005. This exemption was suspended in 2003-04 and 2004-05, and the Governor's Budget proposes trailer bill language to permanently eliminate the fingerprint fee exemption, which would result in annual General Fund savings of \$1.5 million.

Background: California requires persons working or volunteering at community care facilities and family day care facilities to be fingerprinted and have criminal background checks. Generally, licensees are required to pay for the fingerprinting process, although certain providers have been historically exempted or partially exempted from the required fees. These exemptions include providers in any small home that serves 6 or fewer children, including family day care

homes, certified family homes, or foster family homes. The fees that have been exempted include a \$16 LiveScan fee and a \$24 FBI fee, for a total of \$40 per applicant.

In 2003-04 and 2004-05 the Legislature suspended this exemption, and those providers were required to pay fees of \$40 for their fingerprinting and background checks.

Questions:

1. DSS, please briefly describe the existing fingerprint fee exemptions, who benefits from the exemption, and how the proposal would affect provider participation in the foster care and child care programs.

DSS Issue 4: CalWORKs Performance Monitoring Proposal – Information Only

Description: The Governor's Budget requests \$794,000 for 8.0 positions to develop a system to monitor and improve the measurement of county CalWORKs performance. This proposal includes collecting and validating county work participation data to ensure that the department has accurate data about the participation of CalWORKs recipients in Welfare-to-Work activities throughout the state.

Background: The department indicates that this proposal would allow the state to focus on counties where performance is in need of improvement, and will provide information to help the state meet federal work participation requirements and avoid potential penalties under TANF reauthorization proposals. The department also indicates that this data will allow the state to accurately pass on federal penalties to the counties.

Questions:

1. DSS, please briefly describe the budget proposal.

DSS Issue 5: Interstate Compact on the Placement of Children (ICPC) – Information Only

Description: As a member of the Interstate Compact on the Placement of Children (ICPC), DSS is designated as the entity in all counties (except Alameda, Los Angeles and San Diego) to forward the request from the parent for a child to move to another state for the purpose of adoption. The DSS is not a party to the adoption, but acts in accordance with the requirements of the ICPC to prepare the appropriate documents for the receiving state to approve movement of the child to that state. According to the Yolo County District Attorney's Office, a child was moved to Alabama via an independent adoption process under the ICPC without notification of the child's father. Although the DSS cannot comment on the specific case, the Subcommittee has requested that the department explain its role in such cases.

Background:

California is a member of the Interstate Compact on the Placement of Children (ICPC), which is a binding agreement signed by all states to allow children to safely move between states for the purposes of foster care or adoption. In California, the ICPC is codified at Family Code Section 7900 et seq.

Direct placement by the birth parent to the adoptive parent, is known in California as an Independent Adoption.

As a member of the ICPC, DSS is designated as the entity in all counties (except Alameda, Los Angeles and San Diego) to forward the request from the parent for a child to move to another state for the purpose of adoption. The DSS is not a party to the adoption, but acts in accordance with the requirements of the ICPC to prepare the appropriate documents for the receiving state to approve movement of the child to that state.

DSS staff are required to prepare a package to send to the receiving state that includes:

- placement request signed by one legal parent,
- family history--including but not limited to: composition of the family, marital status of parents, psychosocial history of parents, reason for placement in another state and medical information of the child,
- statement of birth parent that confirms the plan for adoption and meets the requirements regarding personal knowledge of the prospective adoptive parents
- statement of financial and medical care needs of the child pending adoption,
- authorization for the adoptive parents to secure medical treatment of the child pending adoption.

Normally all of the above information is provided to the DSS by the parent's attorney (it is possible for a parent to provide the information but it rarely occurs). Based on the representations of the attorney, the DSS determines completeness and then forwards to the receiving state.

The receiving State ICPC administrator reviews the request, asks for any additional documentation that may be required by that state, approves the request and informs the DSS that the request is approved.

The DSS informs the parent's attorney that the request is approved and the child is then permitted to travel to the receiving state. Once the child is in the new state the parent's attorney informs the DSS.

Questions:

1. What is the role of DSS in Independent Adoptions?

4170 California Department of Aging (CDA)**CDA Issue 1: Medicare Part D and the Health Insurance Counseling and Advocacy Program (HICAP) – Information Only**

Description: Beginning in November 2005, approximately 4.1 million California Medicare beneficiaries will make enrollment decisions for Medicare Part D prescription drug benefits. As a result, demand for local Health Insurance Counseling and Advocacy Program (HICAP) services is expected to dramatically increase. The department has submitted a spring finance letter to reflect \$1.8 million in additional federal funds for local HICAP organizations to expand Part D education and outreach, as well as 3.0 additional CDA positions.

Background:

- **Medicare Modernization Act (MMA) Enrollment in Late 2005:** The MMA created a new Part D prescription drug benefit for Medicare beneficiaries. The initial enrollment period will run from November 15, 2005 through May 15, 2006 for most beneficiaries, but only from November 15, 2005 through December 31, 2005 for beneficiaries eligible for both Medicare and Medi-Cal (dual eligibles). Over 4.1 million Californians, including 1.7 million dual eligibles, may enroll in Medicare Part D.
- **Health Insurance Counseling and Advocacy Program (HICAP):** HICAP is a volunteer-supported program that provides consumers with information about Medicare, related health care coverage, and long-term care insurance. In 2004, HICAP had over 800 counselors, who fielded 90,000 consumer phone calls, 40,000 of which resulted in insurance counseling appointments. This figure is expected to increase substantially in the last few months of 2005 when 4.1 million Californians receive MMA enrollment information.
- **2005-06 CDA Position Requests:** The Governor's Budget proposes to use \$93,000 in existing federal funds to establish 1.0 permanent position to develop training and program standards for the HICAP. A spring finance letter requests \$283,000 for 3.0 additional CDA positions in 2005-06 for additional workload associated with MMA, including oversight and coordination of HICAP efforts, implementation of data performance and outcomes measures, analysis of federal MMA regulations, and maintaining HICAP counselor handbooks and program operations manuals. CDA currently has 1.8 positions to support the HICAP program, aside from the 4.0 requested positions.
- **HICAP Program Funding:** The spring finance letter also reflects \$1.8 million in additional local assistance federal funds for MMA outreach, which would increase total local assistance funding for HICAP to \$7.8 million in 2005-06. Local assistance funding for HICAP in 2004-05 is \$6.8 million.

- **Follow-up from March 10th Subcommittee Hearing:** In response to Subcommittee concerns raised at the March 10th hearing, the department now indicates additional planning and outreach activities are occurring at the federal, state, and local level. Some of these activities are joint efforts between government and non-profit organizations.
 - Ongoing coordination meetings are occurring with all of the affected departments.
 - The process for providing HICAP funding to local Area Agencies on Aging (AAAs) has been streamlined.
 - Prototype educational materials have been developed.
 - HICAP trainings and education seminars have been scheduled.

Questions:

1. CDA, please provide an update on current efforts to prepare for implementation of MMA.
2. CDA, how will additional HICAP volunteers be recruited? How many will be needed?

CDA Issue 2: Agency/CDA report on IHSS and AAA coordination – Information Only

Description: The 2004 Budget Act trailer bill, SB 1004, required the Health and Human Services Agency to report during 2005 budget hearings on strategies to coordinate state and federal services for the elderly, including In-Home Supportive Services, programs under the federal Older Americans Act, and the California Department of Aging's Community-based Services programs.

Background: 2004 Budget Act trailer bill language includes the following:

SEC.63. To the extent feasible, the California Health and Human Services Agency, in consultation with the California Department of Aging, the State Department of Social Services, and appropriate stakeholders, shall consider strategies to coordinate state and federally funded services, including In-Home Supportive Services, programs under the federal Older Americans Act, and the California Department of Aging's Community-based Services programs, in order to maximize cost-effectiveness and programmatic efficiency in the delivery of services to program consumers. The agency shall report during budget hearings for the 2005-06 fiscal year, regarding these strategies and the resulting programmatic effect.

Questions:

1. HHS Agency/CDA, please present the requested report.